

# IRS News Release

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## Free Online Tax Filing Available to Many Military Members

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WASHINGTON — The Internal Revenue Service reminds members of the military to take advantage of Free File, which allows taxpayers to prepare and e-file their federal income tax return online for free. Taxpayers who have an adjusted gross income of \$52,000 or less in 2006 are eligible.

Available only through IRS.gov, Free File is fast, easy and safe to use. It is available in English and Spanish. The program can be accessed from any computer that is connected to the Internet, making it especially convenient for those stationed abroad. It can be accessed 24 hours a day, seven days a week. Free File returns are transmitted using secure technologies.

To start, first go to [www.irs.gov](http://www.irs.gov) and click on "Free File", then press the "Start Now" button. Then, either review the list of tax preparation company offerings to select a vendor or click the "Guide Me to a Company" button. Free File is not available by going directly to a company's Web site. Once a company has been selected, follow the link to its Web site and begin preparing the return.

In addition to saving money, Free File users enjoy other benefits. Preparing taxes electronically saves time. That's because the software features an instructive interview process that guides users through preparing their return, helps answer their questions and informs them of the newest tax breaks, such as this year's one-time refund of the excise tax on long-distance telephone service.

Some of the Free File Alliance companies also offer free preparation and filing of state income tax returns and filing of time extensions. Some also offer no-cost online filing of Form 1040EZ-T, Telephone Excise Tax Refund, for those who want to request the refund and are not required to file a federal income tax return.

The IRS automatically extends the deadline for filing tax returns, paying taxes, filing claims for refunds and taking other actions related to federal income tax for U.S. Armed Forces personnel serving in a combat zone. The IRS also extends the deadline for those in the U.S. Armed Forces deployed overseas away from their permanent duty station in support of operations in a qualified hazardous duty area but who are outside that area. Taxpayers who get deadline extensions can use Free File to later file their returns through mid-October 2007.

When taxpayers e-file their returns through Free File, refunds come faster: in half the time. For example, when you use Free File and choose to receive your refund with Direct Deposit, you will receive your refund in as little as 10 days. That's because e-file returns are easier and quicker for the IRS to process.

Many members of the U.S. Armed Forces are eligible for the Earned Income Tax Credit, and Free File automatically calculates the EITC for them. EITC is a refundable federal tax credit intended to offset taxes paid by low-income workers. It is one of the most successful tax credit programs, helping lift millions of working Americans above the poverty level.

The Working Families Tax Relief Act of 2004 and the Gulf Opportunity Zone Act of 2005 give military personnel the option of treating excludable combat pay, but not the basic allowance for housing or basic allowance for subsistence, as earned income for purposes of the EITC. This could help military personnel avoid a situation in which the military pay exclusion leaves them with no earned income and thus no EITC. Under this provision, military personnel may opt to include all or none of their combat pay, but not just part of it, when calculating their EITC.

Free File is offered by the IRS in partnership with the Free File Alliance, a group of leading private-sector tax preparation companies. Free File has been around for the past five years. It was created to give a majority of U.S. taxpayers a no-cost way to prepare and e-file their annual federal tax returns.

A recent survey found that the majority of users like the program. Of those surveyed, 96 percent said they found Free File "easy to use," and 97 percent said they would recommend it to others.

If military members have questions, they should call or visit their nearest military tax preparation office (Volunteer Income Tax Assistance office).